



hispanic market
RESOURCE GUIDE:

A BUSINESS CASE
FOR MARKETING
TO THE FASTEST GROWING
CONSUMER SEGMENT

INTRODUCTION

Hispanics are the fastest growing minority in the U.S., with an increasing influence on American life. In music, fashion, food, media, business and politics, Latinos are enriching the mainstream culture, just as much as American culture has drawn Hispanics to the U.S.

The changing face of the nation means marketers are being faced with fresh challenges and opportunities in targeting a new generation of ethnically-diverse consumers who speak foreign languages and have different customs. Understanding the Hispanic market can be overwhelming; especially if you are not of the culture or not sure how and where to get started.

The Idea Hall Hispanic Market Resource Guide will familiarize you with some of the basic information about the Hispanic market, and provide some insights and guidelines about how to get started. It will, we hope, be the first of many conversations we have with you about marketing to Hispanics.

WHAT DOES 'HISPANIC' MEAN?

Hispanic describes any person of Latin American descent from the regions of Mexico, Central America, South America and the Caribbean, and refers to origin or ethnicity, rather than race. Given that many of the countries from which Hispanics originate were once Spanish colonies, Spanish language, religious beliefs and cultural values are common to most Hispanics, regardless of nationality. Take a look at some Hispanic cultural values and how they compare with the general market.

HISPANIC CULTURE

Family, friends and community
Respect for differences
Formality
Cooperation
Dependence
Strong religious influence
Defined roles
Hierarchical
Respect for age
Male dominance (machismo)

GENERAL MARKET

Individuals and institutions
Everyone is the same
Informality
Competition
Independence
More secular
Role diffusion
Democratic
Young have say
Gender equality

Source: Valdes 1991, Marketing to Hispanics

'HISPANIC' OR 'LATINO'?

One question often asked is whether it is more correct to say 'Hispanic' or 'Latino'. In our view, the terms Hispanic and Latino are used interchangeably and either is acceptable.

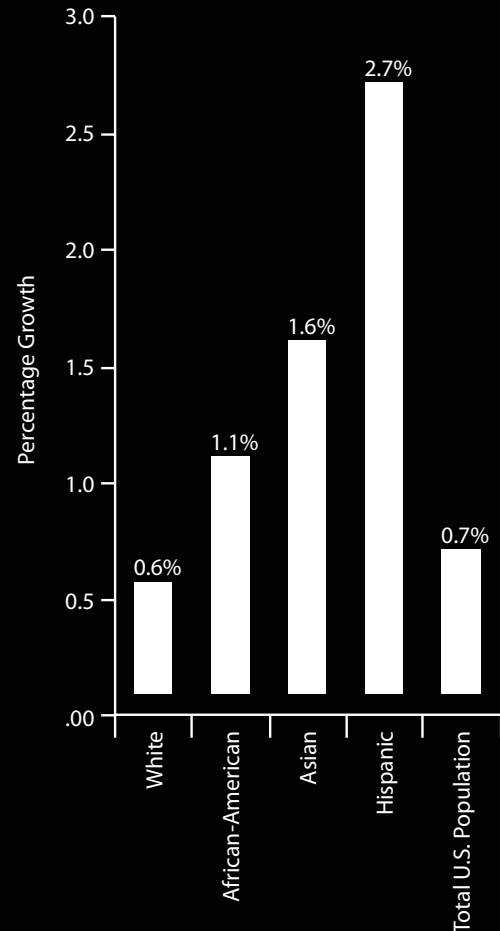
Hispanics are the **FASTEST GROWING MINORITY IN THE U.S.**

In 2005, Hispanics made up 14% of the U.S. population. This makes Hispanics the largest minority in the country, followed by African-Americans at 13% and Asians at 4.5%. The Pew Research Center has estimated that by 2050, the U.S. Hispanic population will total nearly 127 million people, or 29% of the nation's population. As the chart demonstrates, Hispanics are the fastest growing minority in the country.

Immigration has always played a large part in the growth of the U.S. Hispanic population. The motivation for Hispanics immigrating to the U.S. is not always economic, and may also include reuniting families or escaping political unrest.

However, there has been a shift in this growth over the last decade. More and more, the population growth is being driven from births to U.S.-born Hispanics; the children and grandchildren of foreign-born immigrants. This shift is further pronounced when you consider that Hispanics tend to have larger families than other ethnicities.

GROWTH IN U.S. POPULATION BY RACE
2006 - 2007

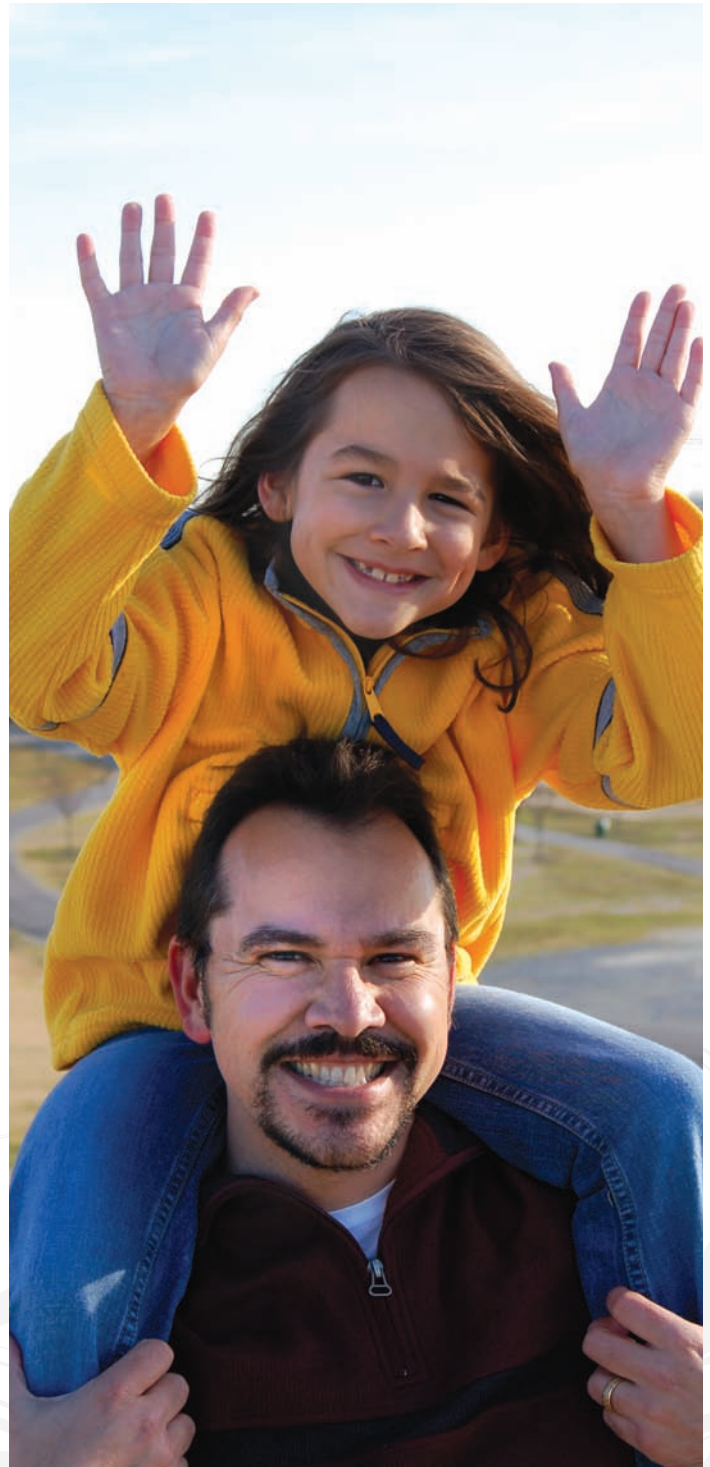


Numbers...

YOU SHOULD KNOW

- There are currently 45.5 million Hispanics in the U.S.
- The U.S. is the second largest country of Hispanics and there are more Hispanics in the U.S. than there are Canadians in Canada.
- More than 13 million Hispanics currently reside in California, making it the largest Hispanic market in the U.S.
- Mexicans account for 66.8% of all Hispanics in the U.S., followed by Central Americans (9%), Puerto Ricans (8.6%), South Americans (5.3%), Cubans (3.8%), Dominicans (3.1%), and others (3.4%).
- Mexicans dominate the Hispanic population in California, Texas and other Western and Southwestern states. Cubans are the largest group in Florida, while Puerto Ricans and Dominicans make up the majority of Hispanics in New York.
- More than one-third of U.S. Latinos are younger than 18 years old and half are under the age of 26.
- Over 80% of Latino youth are U.S. born.

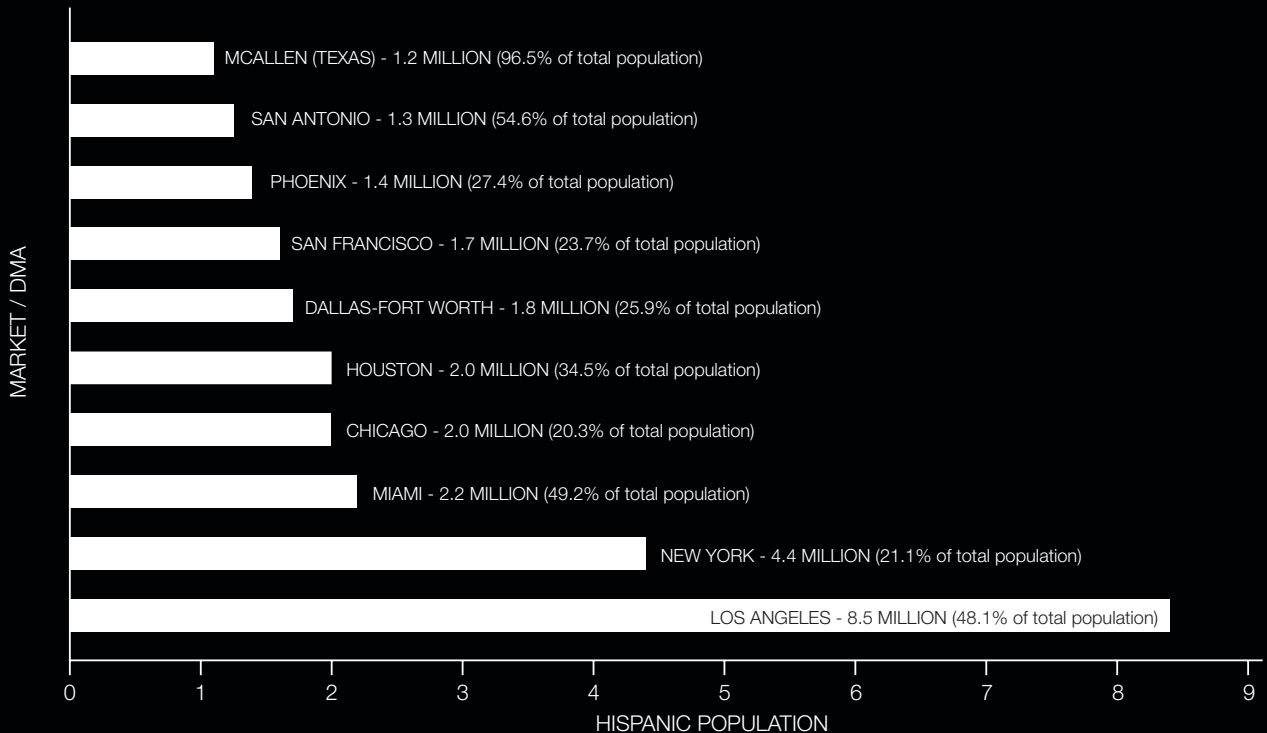
Source: U.S. Census Bureau, Synovate 2006, Diversity Markets Report



Hispanic Settlement is Spreading ACROSS THE U.S.

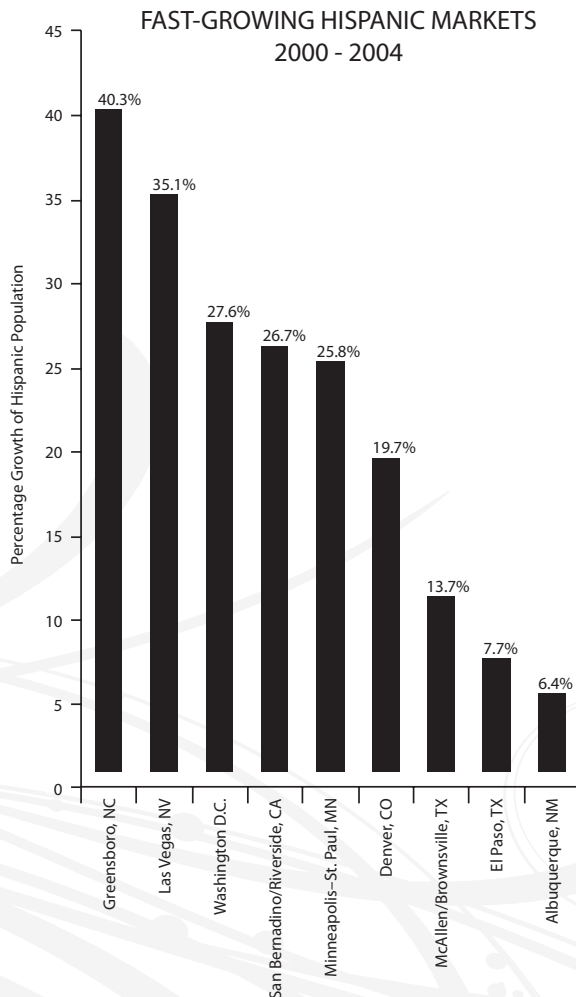
It will come as no surprise to know that Hispanic settlement has been concentrated in a number of large metropolitan cities, including Los Angeles, Chicago, Dallas, San Antonio, New York and Miami.

MAJOR HISPANIC CONCENTRATIONS



While Hispanics have traditionally gravitated towards these cities, there is a new trend of movement towards other regions. Foreign and U.S.-born Hispanics have been taking up residence in eight 'new settlement states' that together have experienced 130% growth between 1990 and 2000. These states include Massachusetts, Virginia, North Carolina, Georgia, Arizona, Nevada, Oregon and Washington.

Savvy marketers need to keep close watch on these fast-growing, secondary and emerging markets. Here are the ones to watch:



The impact on these 'new settlement states' has been dramatic. For example, North Carolina has one of the fastest growing Hispanic populations in the nation, prompting the need for Spanish-language media. Univision, the largest U.S. Spanish-language broadcaster, seized the opportunity in 2003 to announce the first full-powered Spanish-language television station in North Carolina.

Source: U.S. Census Bureau, Synovate 2006, Diversity Markets Report

What is... ACCULTURATION?

Hispanics are not one big homogenous group. There are a multitude of distinct nationalities; some Hispanics are foreign-born, others are born in the U.S.; and there are different levels of acculturation.

What do we mean by acculturation and what is the impact for marketers? We'll keep it simple. Acculturation occurs when a person adopts a new culture without giving up their own. In the case of Hispanics, the longer foreign-born Hispanics live in the U.S., the more they adapt to American society while retaining traditional Hispanic language and values. Think of it as inheriting a second culture yet still honoring your native culture; living a bicultural life. Acculturation takes many different factors into consideration and is not uniform or a straight-forward linear process. For example, a Hispanic person might be fully acculturated in their views on being successful in American business life, yet be quite unacculturated when it comes to Hispanic values on gender roles.

Foreign-born Hispanics tend to be much more unacculturated and differ greatly from second- and third-generation U.S. Hispanics. Foreign-born Hispanics tend to live in concentrated Hispanic communities, be Spanish-language dominant, keep close ties to their homeland and be more conservative in their values.

The majority of second-generation Hispanics live and dream in English and Spanish. Most consider themselves to be as American as they are Hispanic, value their Hispanic heritage, traditions and customs, and are at ease living a bicultural lifestyle.

Third-generation Hispanics are engrossed in U.S. culture, customs and mannerisms. However, while they may consider themselves to be more American than Hispanic, a growing number of third-generation Hispanics are retro-acculturating, identifying with their Hispanic heritage and culture and placing greater value on being Hispanic.

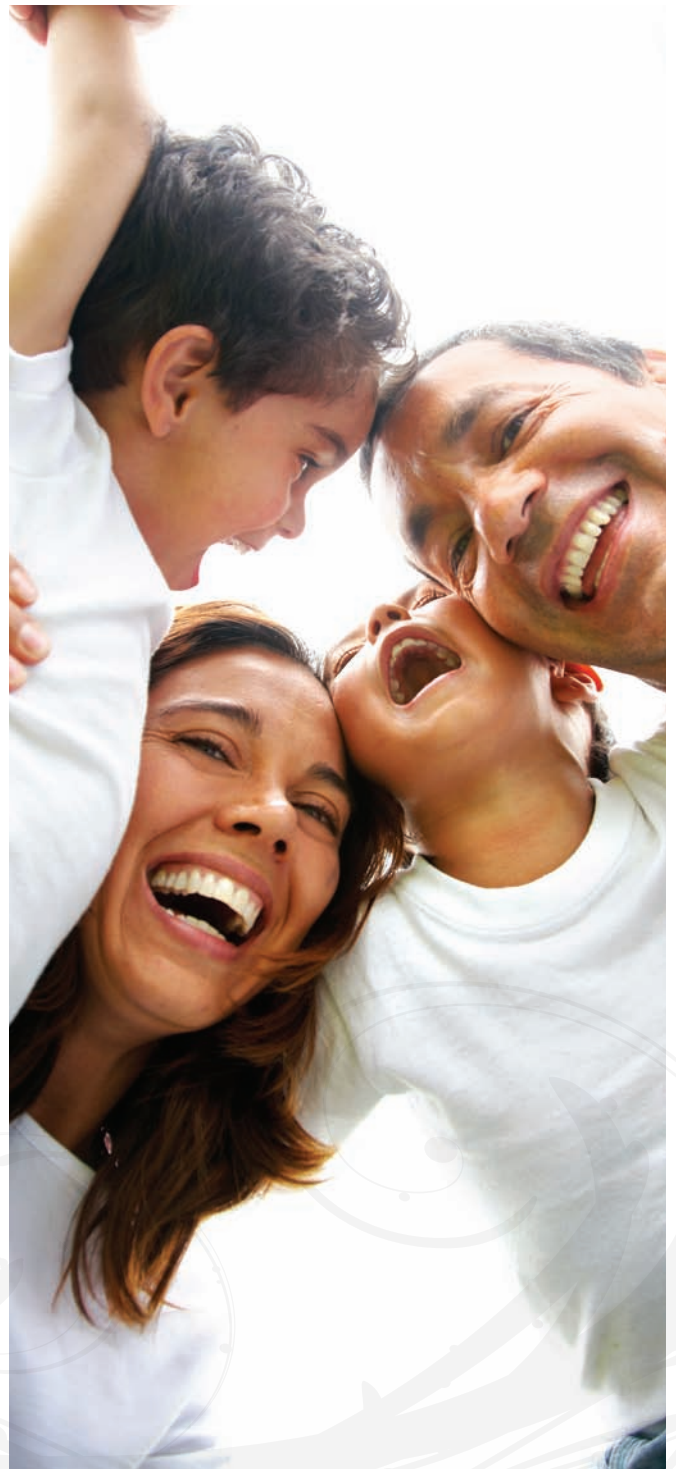
For marketers, it is critical to recognize the importance of acculturation and that different groups of Hispanics may need to be addressed through different media and communication techniques.

INGLÉS OR ESPAÑOL?

While it is often assumed that Hispanics prefer to be communicated to in Spanish, it is not necessarily true in all cases. Acculturation plays a large part in determining whether it is best to communicate in Spanish or English. Recent immigrants tend to be very much Spanish-dominant, speaking Spanish at home and consuming Spanish-language media.

U.S.-born, second-generation Hispanics, on the other hand, tend to be bilingual or even English-dominant, speaking only conversational Spanish and preferring to consume media information in English. However, even to a second-generation Hispanic, Spanish is still important. It is often bicultural children in the households of foreign-born parents and grandparents that serve as translators, tutors and the gateway of information to navigate the English world.

Identifying the target consumer's lifestyle and behavior is key to determining whether to communicate in Spanish, English or both.





Hispanic Youth: A BRIDGE BETWEEN THE GENERATIONS

The U.S. Census Bureau estimates that by 2050, Latino youth will represent 35% of the youth population. Already, the Hispanic population is relatively young compared with other ethnic groups:

- 50% of Hispanics are under the age of 26.
- 35% of Hispanics are younger than 18, in contrast to 23% of non-Latino whites.

U.S.-born Latino youth tend to be bilingual and bicultural. They live in two worlds, seamlessly navigating both mainstream and Latino cultures. They have embraced American culture: music, film, food, fashion and much more. They overwhelmingly consume English-language media, especially online. Yet at the same time, many messages that especially resonate with Latinos are those that speak to their cultural pride. This biculturalism is a difference, a personal advantage, and an opportunity for marketers. Brands that want to connect with Latino youth need to speak to their complex identity.

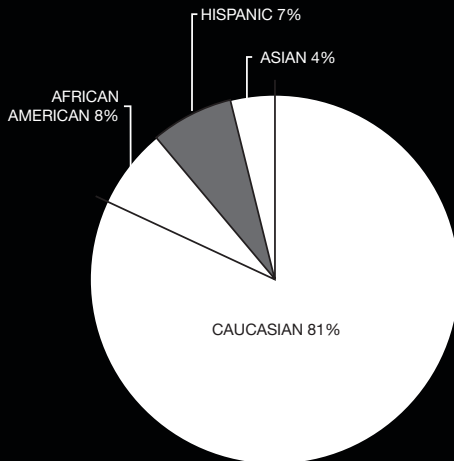
Latino youth are even more brand conscious than general market youth and extremely image-driven. Marketers must take note of this opportunity and craft campaigns that speak to the influencer roles Hispanic youth have among their non-Hispanic counterparts. Messages to this segment should touch upon cultural pride yet also be perceived as fun and cool.

Hispanic Market Buying Power IS GROWING FAST

According to the Selig Center for Economic Growth, Hispanic buying power is projected to grow almost two and a half times between 2000 and 2011, the largest percentage growth increase amongst all ethnicities.

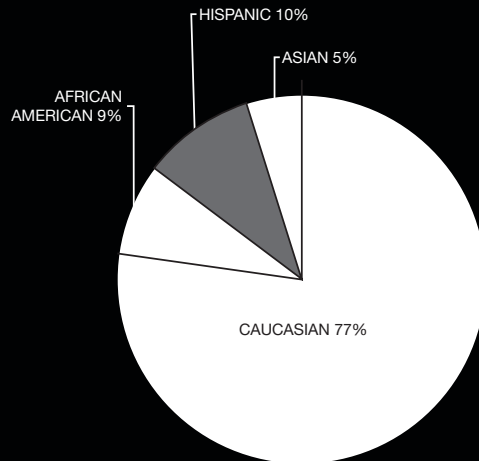
GROWTH IN BUYING POWER BY RACE

U.S. BUYING POWER IN 2000
\$7,188 billion



U.S. HISPANIC BUYING POWER IN 2000
\$490 billion

U.S. BUYING POWER IN 2011
\$12.365 trillion (est.)



U.S. HISPANIC BUYING POWER IN 2011
\$1.2 trillion

With this sort of buying power, understanding how Hispanics relate to brands is critical to the success of any marketing campaign. When considering the purchase of one brand over another, Hispanics consider the following factors:

- Is it image-enhancing?
- Is it recommended by trusted sources (family, friends, professionals)?
- Is it a brand I know?
- Is it high quality?
- Does it perform well?
- Have I seen the brand advertised?
- How much is it?

Hispanics tend to be passionate and more vocal than non-Hispanics about their brand preferences, interactions and experiences, both good and bad. This reason alone underscores the opportunity and impact of word-of-mouth marketing in affecting purchasing decisions.



Hispanic-Owned BUSINESSES ALSO BOOMING

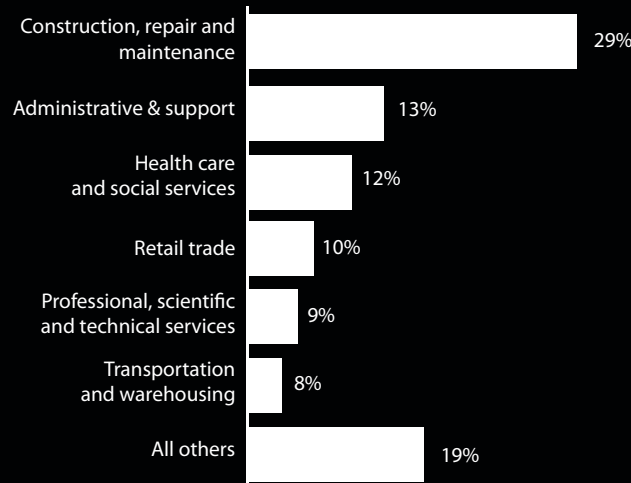
As the Hispanic population booms, so does the Hispanic-owned business segment and the important role it plays in contributing to the economy. In 2002 alone, there were 1.6 million Hispanic-owned businesses. Consider these other fast facts from the U.S. Census 2002 Survey of Business Owners:

- There were 29,184 Hispanic-owned firms with receipts of \$1 million or more.
- Between 1997 and 2002, counties with the highest number of Hispanic-owned firms were Los Angeles, California; Miami-Dade, Florida; Harris County, Texas; and Bronx, New York.
- In the same time frame, the states with the fastest growing rate of Hispanic-owned businesses included New York (57%), Rhode Island and Georgia (56% each), and Nevada and South Carolina (48% each).
- 44% of Hispanic-owned firms were owned by Hispanics of Mexican origin.



Hispanic-owned businesses cover a wide range of categories but are particularly concentrated in the construction, repair and maintenance industries.

INDUSTRIES WITH THE MOST HISPANIC-OWNED BUSINESSES



Source: U.S. Census Bureau, 2002 Survey of Business Owners

The Dramatic Rise of LATINA-OWNED BUSINESSES

Even faster growing than Hispanic-owned businesses is the rise of female entrepreneurs and Latina-owned businesses. Today, 39% of minority women-owned businesses are owned by Latinas, and 13% of Latina-owned businesses are in retail trade and 58% in the service sector. Latinas have become a potent force in the U.S. economy.

Media Consumption HABITS & PREFERENCES

Hispanics tend to trust the information they read in their local newspapers. They rely on the radio for quick news updates and read magazines for tips on trends and culture. When shopping, Hispanics tend to best recall the messages, products and services featured in television commercials.

Source: Advertising Age, 2006

Major Hispanic Newspaper DAILIES & WEEKLIES

- Al Día (Dallas)
- El Diario La Prensa (New York)
- El Latino (San Diego)
- El Nuevo Herald (Miami)
- Hoy (NYC, LA and Chicago)
- La Opinión (Los Angeles)
- La Raza (Chicago)
- Rumbo (San Antonio, Houston, McAllen)
- Semana News (Houston)

Hispanic Media FAST FACTS

Did you know that in the U.S. and Puerto Rico there are...

- More than 250 Spanish-language TV stations and shows.
- 650 Spanish-language radio stations and shows.
- 762 Hispanic newspapers, magazines and newsletters. *Note: this figure only includes print media that publish editorial-related content.*
- More than 340 Hispanic media Web sites, almost 100 of which are internet-only media outlets. Approximately 75% of all U.S. Hispanic print media outlets post all, most or some of their print stories on their Web sites.

Source: LatinClips, 2005

Major Hispanic MAGAZINES

- Catalina Magazine
- Latina
- Mira!
- People en Español
- Selecciones

Major Hispanic INTERNET & SOCIAL NETWORKING SITES

- Batanga.com
- LaOpinion.com
- LaRaza.com
- LatinaStyle.com
- Latino.aol.com
- MiGente.com
- Latino.msn.com
- MySpaceLatino.com
- Terra.com
- ciudadmag.com
- Univision.com
- Telemundo.yahoo.com

HISPANICS ONLINE

Yes, Hispanics are online. In fact, roughly 15 million U.S. Hispanics are online. Like anything else, acculturation levels influence online preferences. For example, those that are either U.S.-born or have been here for several years, tend to gravitate toward online subject matter such as entertainment, social networking, health/nutrition and banking/finance. Conversely, lesser acculturated Hispanics prefer online access for topics such as fútbol and news from their respective homeland in Latin America.

The consideration of online language preference is not as predictable as one might think. According to the AOL Latino Study in 2006, 40% of acculturated Hispanics online don't mind Spanish content while among unacculturated Hispanics, 37% actually prefer both English and Spanish online content.

Hispanics have embraced the Internet as a key brand purchase decision resource. In fact, the AOL study notes that 68% of Hispanics online used the Internet to determine their final brand purchase decision. The percentage of Hispanics comparing prices online has also increased with 72% comparing online versus 61% in 2002.

More Hispanic consumers online naturally translates to more online shopping. The Hispanic Shopper Online report from Jupiter Research estimates Hispanic online spending will near \$21.6 billion in 2011; accounting for nearly 13% of all online spending.

CONCLUSION

So, to whom should the growing Hispanic market matter? In a word: everyone. From marketers, bankers, retailers, landlords, entertainers, and social service providers, to higher education institutions, restaurateurs, manufacturers, policy makers and politicians.

There is no one way to market to today's Hispanic consumer. Certainly, language preference should not be the sole criteria for marketing campaigns. Consider levels of acculturation, cultural nuances, behavioral and lifestyle influences. Brand managers and marketing directors must be familiar with the various sub-segments and sub-cultures of the diverse Hispanic market and how such factors can influence the success or failure of a marketing outreach campaign. Culturally relevant marketing plans will become increasingly critical as the population becomes more diverse and the buying power of U.S. Hispanics becomes more significant.

How Idea Hall Can Help You INCREASE YOUR BUSINESS WITH HISPANICS

Growing your company or brand's presence among Hispanics is in many ways no different from marketing to any other market segment. The same principles apply, and understanding your target audience, their attitudes, behaviors, dreams and aspirations is critical.

At Idea Hall, we have the expertise and experience in Hispanic marketing to help you tap into the enormous potential the Hispanic market holds. From community-based outreach and partnerships with local neighborhood organizations, to complex advertising or direct marketing campaigns, we have the talent and resources to develop cost-effective strategies and tactics that deliver results.

About IDEA HALL

Idea Hall specializes in the strategic development and implementation of integrated branding, advertising, direct marketing and public relations programs.

Idea Hall was established in 2003 and has offices in Costa Mesa and Los Angeles, California. In 2008, Idea Hall ranked 667 in the Inc 5000, 140 on O'Dwyer's national PR agencies list and 15 in Los Angeles.





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